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Vol. M 87 Page 846

MORTGAGE

THIS INDENTURE, Made this 22ND day of September, 19 86, between WALTER W. WARMANN and RUTH F. WARMANN, husband and wife, as Mortgagor, and MARSHALL HOUGH, Mortgagee:

W I T N E S S E T H:

That the said Mortgagor for and in consideration of the sum of SIXTY THOUSAND DOLLARS (\$60,000.00) to him paid by the said Mortgagee, does hereby grant, bargain, sell and convey unto the said Mortgagee, successors and assigns those certain premises situated in the County of Klamath and State of Oregon, and described as follows:

AS SET FORTH IN "EXHIBIT A," ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE,

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon said premises at the time of the execution of this Mortgage or at any time during the term of this Mortgage;

SUBJECT TO easements, conditions, restrictions and roadways of record.

TO HAVE AND TO HOLD the said premises with the appurtenances unto the said Mortgagee, his successors and assigns forever.

THIS CONVEYANCE is intended as a Mortgage to secure the payment of the sum of SIXTY THOUSAND DOLLARS (\$60,000.00) in accordance with that certain settlement agreement memorialized in a Stipulated Judgment entered in Linn County Circuit Court Case No. 84-1399.

The date of maturity of the debt secured by this Mortgage is the date on which the last scheduled principal payment becomes due, to-wit: August 15, 1994.

The Mortgagor warrants that the proceeds of the loan represented by the above-described settlement agreement and this Mortgage are for business or commercial purposes other than agricultural purposes.

This indenture is further conditioned upon the faithful observance by the Mortgagor of the following covenants hereby expressly entered into by the Mortgagor, to-wit:

That Mortgagor is lawfully seized of said premises, and now has a valid and unencumbered fee simple title thereto, save as set forth, above;

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That he will warrant and defend the same against the claims and demands of all persons whomsoever;

That he will pay the said all sums due under the settlement agreement and all installments of interest thereon promptly as the same become due, according to the tenor of said agreement;

That so long as this Mortgage shall remain in force he will pay all taxes, assessments, and other charges of every nature which may be levied or assessed upon or against the said premises when due and payable, according to law, and before the same become delinquent, and will also pay all taxes which may be levied or assessed on this Mortgage or the debt thereby secured, and will promptly pay and satisfy any mechanics' liens or other encumbrances that might by operation of law or otherwise become a lien upon the mortgaged premises superior to the lien of this Mortgage;

That he will keep all the improvements erected on said premises in good order and repair and will not commit or suffer any waste of the premises hereby mortgaged. At the request of the Mortgagee, the Mortgagor shall join the Mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the Mortgagee and will pay for filing the same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the Mortgagee;

That so long as this Mortgage shall remain in force he will keep the buildings now erected, or any which may hereafter be erected on said premises insured against loss or damage by fire, with extended coverage, to the extent of \$30,000.00 or full insurable value, whichever is less, in some company or companies acceptable to said Mortgagee and for the benefit of both parties hereto as their interests may appear, and will deliver all the policies and renewals thereof to said Mortgagee.

NOW, THEREFORE, if the said Mortgagor shall pay the sums due under the settlement agreement and shall fully satisfy and comply with the covenants hereinbefore set forth, then this conveyance shall be void, but otherwise to remain in full force and virtue as a Mortgage to secure the payment of the settlement agreement in accordance with the terms thereof and the performance of the covenants and agreements herein contained; it being agreed that any failure to make any of the payments provided for in said agreement or this Mortgage when the same shall become due or payable, or to perform any agreement herein contained, shall give to the Mortgagee the option to declare the whole amount due on said agreement, or unpaid thereon or on this Mortgage, at once due and payable and this Mortgage by reason thereof may be foreclosed at any time thereafter. And if the said Mortgagor shall fail to pay any taxes or other charges or any lien or insurance premium as herein provided to be done, the Mortgagee

shall have the option to pay the same and any payment so made shall be added to and become a part of the debt secured by this Mortgage, and draw interest at the same rate borne by the settlement agreement secured by this mortgage, without waiver, however, of any right arising from breach of any of the covenants herein.

In case a complaint is filed in a suit brought to foreclose this Mortgage, the court shall, upon motion of the holder of the Mortgage, without respect to the conditions of the property herein described, appoint a receiver to collect the rents and profits arising out of said premises, and apply such rents and profits to the payment and satisfaction of the amount due under this Mortgage, first deducting all proper charges and expenses of the receivership.

In construing this Mortgage, it is understood that the Mortgagor or Mortgagee may be more than one person; that if the context so requires, the singular shall be taken to mean and include the plural, the masculine pronoun shall mean the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply to corporations and to individuals. It is further understood that the release provisions contained in the Stipulated Judgment referred to above shall be incorporated in and become a part of this mortgage as though fully set forth herein.

IN WITNESS WHEREOF, the Mortgagor has executed this instrument this 22nd day of September, 1986.

Walter W. Warmann
WALTER W. WARMANN

Ruth F. Warmann
RUTH F. WARMANN

STATE OF OREGON)
COUNTY OF Clatsop) : SS.

PERSONALLY APPEARED the above named WALTER W. WARMANN and RUTH F. WARMANN and acknowledged the foregoing instrument to be their voluntary act and deed.

BEFORE ME this 22nd day of September, 1986.

Don Johnson
NOTARY PUBLIC FOR OREGON
My Commission Expires: 6/10/88

EXHIBIT A

849

In Section 17, Township 24 South, Range 10 East of the
Willamette Meridian, in the County of Klamath, State of
Oregon:

Parcel 1	-	N 1/2	of	N 1/2	of	SE 1/4	of	NW 1/4
Parcel 2	-	S 1/2	of	N 1/2	of	SE 1/4	of	NW 1/4
Parcel 3	-	N 1/2	of	S 1/2	of	SE 1/4	of	NW 1/4
Parcel 4	-	S 1/2	of	S 1/2	of	SE 1/4	of	NW 1/4
Parcel 5	-	N 1/2	of	N 1/2	of	NW 1/4	of	NE 1/4
Parcel 6	-	S 1/2	of	N 1/2	of	NW 1/4	of	NE 1/4
Parcel 7	-	N 1/2	of	S 1/2	of	NW 1/4	of	NE 1/4
Parcel 8	-	S 1/2	of	S 1/2	of	NW 1/4	of	NE 1/4
Parcel 9	-	N 1/2	of	S 1/2	of	SW 1/4	of	NE 1/4
Parcel 10	-	N 1/2	of	S 1/2	of	NE 1/4	of	NW 1/4

ADDENDUM TO MORTGAGE

THIS ADDENDUM TO MORTGAGE made this 9th day of January, 1987, by WALTER W. WARMANN and RUTH F. WARMANN, husband and wife, as Mortgagor, and MARSHALL HOUGH, Mortgagee:

W I T N E S S E T H:

On the 22nd of September, 1986, Mortgagor and Mortgagee entered into three mortgage agreements.

Inadvertently a provision of the mortgages was left out.

This Addendum is made to include within the terms of that mortgage certain provision which had been otherwise agreed upon.

IT IS AGREED:

1. RECITALS: The recitals above are incorporated herein.
2. ATTORNEY FEES AND COSTS: In the event any litigation arises from or concerning the terms of this mortgage, including this Addendum, the prevailing party shall recover, in addition to any other damages, reasonable attorney fees and costs, at trial and on appeal, in accordance with ORCP 68.

IN WITNESS WHEREOF parties have signed this Addendum on the date set opposite their signatures.

Walter W. Warmann
WALTER W. WARMANN

January 7, 1987
DATE

Ruth F. Warmann
RUTH F. WARMANN

January 9, 1987
DATE

Marshall Hough
MARSHALL HOUGH

Jan. 13, 1987
DATE

STATE OF OREGON)
 : SS.
COUNTY OF Marion)

PERSONALLY APPEARED the above named WALTER W. WARMANN, RUTH F. WARMANN and acknowledged the foregoing instrument to be their voluntary act and deed.

BEFORE ME this 9th day of January, 1987.

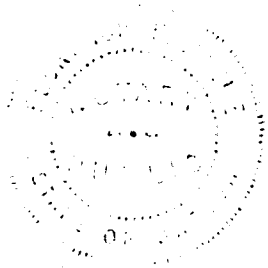


A. L. R. D.
NOTARY PUBLIC FOR OREGON
My Commission Expires: 11-30-89

STATE OF OREGON)
 : SS.
COUNTY OF Marion)

PERSONALLY APPEARED the above named MARSHALL HOUGH and acknowledged the foregoing instrument to be his voluntary act and deed.

BEFORE ME this 13 day of January, 1987.



Sharon B. Lander
NOTARY PUBLIC FOR OREGON
My Commission Expires: 6-5-90

Return to:

Webb & Martinis

ATTORNEYS AT LAW
1112 TWELFTH ST. SE
SALEM, OREGON 97302-2897

PAGE 2 ADDENDUM TO MORTGAGE
H(b)66 Salem sjh

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 16th day
of January A.D., 19 87 at 3:34 o'clock P M., and duly recorded in Vol. M87
of Mortgages on Page 846.

FEE \$25.00

Evelyn Biehn County Clerk,
By Barbara A. Lelich